



**THE GREENVILLE WATER AUTHORITY**  
MERCER COUNTY, PENNSYLVANIA

# **2016 WATER SYSTEM ANNUAL REPORT & 2017 OPERATING BUDGET**

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## 1. INTRODUCTION

This Water System Annual Report has been prepared in accordance with the authorization given to Entech Engineering Inc., by the Greenville Water Authority (Authority) in accordance with Article VI, Section 6.07 of the Third Supplemental Trust Indenture dated December 29, 2011 which states:

"The Consulting Engineer shall be required to report annually on (i) the condition and operation of the Water System, and (ii) on the sufficiency of the Capital Improvements and Redemption Fund. The Capital Improvements and Redemption Fund shall be funded by any additional amounts recommended by the Consulting Engineer. Furthermore, amounts on deposit in the Capital Improvements and Redemption Fund shall be used to replenish any deficiency in the Debt Service Reserve Fund."

The Annual Report, presented herein is classified under the following headings:

- Operational and Maintenance Status of Authority Water Facilities
- Revenues and Expenditures
- Capital Improvements and Redemption Fund
- Rates, Rents and Charges for Water
- Insurance
- Conclusions and Recommendations

This report is the seventy-fourth annual report upon the operation of the water system under Authority management. Reports have been submitted annually covering operations since April 1, 1942. Additions and improvements during the past year are reviewed, and the report includes recommendations for additions and improvements, the operating budget for fiscal year 2017, and the capital expenditures proposed for the fiscal year 2017. Information used in this report has been obtained from Authority Management.

### 1.1. Greenville Water Authority Water System Description

The Greenville Water Authority Water System is comprised of one treatment plant, five storage tanks, distribution mains, and associated appurtenances. This system serves Greenville Borough and a portion of Hempfield Township and West Salem Township. Pertinent information about the Authority and its water system is provided in Section 2.

## 2. OPERATIONAL & MAINTENANCE STATUS OF AUTHORITY FACILITIES

### 2.1. System Operational and Maintenance Status

The general performance of all Greenville Water Authority distribution and treatment facilities during Fiscal Year 2016 has been satisfactory. Management reports that all Authority facilities have functioned well throughout the year with no extraordinary operational or maintenance problems encountered.

## 2.2. Water Treatment Plant

The filtration plant contains four filters that have a total of 360 square feet of surface area. Considering these filters to be rapid rate filters with multimedia beds per the Department of Environmental Protection Regulations, the filters can produce 2,000,000 gallons of water per day.

The filtration plant was operated 5,130 hours during the past year for an average of approximately 14.1 hours daily and processed sufficient quantities of water to meet all consumer requirements. A review of operating results indicates that the water produced by the plant met or exceeded primary drinking water regulations of the Safe Drinking Water Act.

In addition to performing routine maintenance, Greenville Water Authority replaced two (2) chemical feed pumps for Polyaluminium Chloride (PAC) and one (1) for ammonia during 2016. A heat pump was also added in the office area.

## 2.3. Distribution System

The distribution system has been properly maintained during the past year, and extensions were made as required to serve customers. In 2016, 435' of 12" river crossing water line was replaced. Hydrants were regularly inspected, and repairs were made as required to the distribution system to provide for minimum interruption of service to customers.

Under the Meter Account, 122 remote meters were installed and 14 meters were tested or repaired in 2016.

A review of the operating records, as noted above, indicates that the Authority has continued to expand and improve distribution and service facilities during the past year and has operated and maintained them in accordance with accepted waterworks practice.

The Authority also continued an ongoing inspection of fire hydrants and turned valves in an effort to keep the system's components operational. The Authority flushed the system in April and October.

## 2.4. Distribution Storage Facilities

The exterior surfaces and grounds surrounding the two 750,000-gallon, 255,000-gallon, the high level 250,000-gallon and 1,000,000-gallon storage tanks are maintained in a satisfactory manner. Construction for the new 1 million gallon storage tank adjacent to the existing Hadley Road storage tank was completed in December 2010. The Hadley Road 250,000 gallon tank was repainted in 2014 and a tank mixing system was also provided.

It is recommended that the Authority continue the annual inspection and maintenance program for all distribution storage tanks. This program will identify potential problems before they become major and costly.

The water storage tanks were last painted as follows:

<u>Tank</u>	<u>Year</u>
750,000-Gallon, South Tank	1997
750,000-Gallon, North Tank	1995
250,000-Gallon, Hadley Road Tank	2014
255,000-Gallon, West Main Street	2005
1,000,000-Gallon, Hadley Road Tank	2010

## 2.5. General Office Structures and Equipment

The general office structure has been well maintained and is adequate in size for Authority operations. A video surveillance system was installed in 2015 and an additional camera covering the employee parking area was added in 2016.

Under General Shop Equipment, general tools and equipment were purchased during 2016. Adequate small tools and repair equipment are available and maintained in good condition for repairs and service to customers. In 2016, a new roof was added on the office building along with a new furnace/AC unit at a cost of \$76,795.

## 2.6. Consumers

The total number of customers according to consumer classifications listed on the books of the Authority as of December 31, 2016, compared with those listed at the end of 2015, is as follows:

<b>Number of Customers</b>			
	<u>December 31, 2015</u>		<u>December 31, 2016</u>
Residential	2,454		2,464
Commercial	225		223
Industrial	3		3
Public	24		22
Private Fire Protection	53		53
Public Fire Protection	2		2

Note that a new customer tap for the Cobblestone Hotel was installed in December 2016. The tap required an 80 LF extension of 12" pipe, including a 60 LF bored road crossing at a cost of \$28,567.66

## 2.7. Use of Water

The comparison of the amount of water sold by consumer classification for the past five years is tabulated in the following summary:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	101,687	104,940	102,932	99,693	97,037
Commercial	58,923	52,607	50,881	49,980	43,496
Industrial	6,078	5,232	2,891	2,434	1,929
Public	15,120	11,187	11,737	10,159	10,479
Bulk Sales	1,943	3,116	1,646	522	939
TOTAL	183,751	177,082	170,087	162,788	153,880

Sales to metered consumers totaled 153,880,000 gallons or a daily average of approximately 421,589 gallons in 2016 and represents a decrease in total sales of 8,908,000 gallons from 2015. A breakdown of sales per customer class indicates that residential sales decreased by 2,656,000 gallons, commercial decreased by 6,484,000 gallons, industrial decreased by 505,000 gallons, public increased by 320,000 gallons and bulk sales increased by 417,000 gallons in 2016.

## 2.8. Water Treatment Plant Operation

The following tabulation lists plant output, quantity of water sold, water used in plant operation, daily average output and the percentage of water unbilled for during the past ten years.

<u>Year</u>	<u>Plant Output (1)</u>	<u>Sold (1)</u>	<u>Other (1,2)</u>	<u>Daily Average Output (1)</u>	<u>Percentage Unbilled</u>
2016	224,767	153,880	6,794	616	29.7
2015	255,681	162,788	15,570	700	30.2
2014	255,805	170,087	-	701	33.5
2013	255,760	177,081	15,000	701	30.9
2012	268,303	183,751	7,500	735	31.5
2011	240,000	179,052	1,000	658	25.4
2010	245,171	175,030	3,000	672	28.6
2009	256,327	176,827	2,024	702	31.0
2008	265,236	186,294	5,500	727	29.8
2007	314,148	199,421	11,497	861	36.5
Note :	(1) Units in 1,000 gallons				
	(2) Estimated for fire hydrant flushing				

The Unbilled percentage is based on the Plant Output and Water Sold values. This accounts for unmetered water usage from hydrant flushing, leaks, tank drawdowns, fire protection, etc.

The following tabulation compares the chemical usage and cost for the last two years:

<u>Chemical</u>	<u>2015</u>		<u>2016</u>	
	<u>Amount Used (lbs)</u>	<u>Total Cost</u>	<u>Amount Used (lbs)</u>	<u>Total Cost</u>
Activated Carbon	-	\$0	-	\$ -
AquaMag (gal)	301	\$4,274	429	\$5,992
Caustic Soda	21,099	\$6,883	42,824	\$14,998
Chlorine	10,700	\$5,822	10,808	\$6,154
Fluoride	11,751	\$6,829	10,641	\$5,207
PolyEZ N1986	107	\$305	88	\$251
Stern PAC	163,600	\$29,448	215,370	\$38,767
300-53 Polymer (Sludge Press)	1,406	\$2,404	1,904	\$3,256
Potassium Permanganate	1,416	\$6,357	2,191	\$8,766
Ammonia	6,425	\$2,418	9,051	\$4,337
<b>TOTAL</b>		<b>\$64,741</b>		<b>\$87,728</b>

### 3. REVENUES AND EXPENDITURES

#### 3.1. Revenues and Expenditures

Based on information provided by the Authority, Table 1 has been prepared to show the actual 2015 revenues and expenses compared with the projected actual (unaudited) and budgeted revenues and expenses for 2016.

<b>TABLE 1</b>			
<b>REVENUES AND EXPENSES FOR 2015, 2016 AND 2016 BUDGET</b>			
<b>Operating Revenue</b>	<b>2015 Actual</b>	<b>2016 Year End (unaudited)</b>	<b>2016 Budget</b>
Metered Residential	\$1,214,218	\$1,233,938	\$1,231,837
Metered Commercial	\$376,884	\$366,879	\$401,275
Metered Industrial	\$20,887	\$19,913	\$23,600
Metered Public	\$35,497	\$38,571	\$32,318
Private Fire Protection	\$36,792	\$37,547	\$35,369
Public Fire Protection	\$26,829	\$26,828	\$26,892
Tap in Fees	\$9,782	\$28,568	\$2,000
<b>Subtotal Operations Revenue</b>	<b>\$1,720,889</b>	<b>\$1,752,243</b>	<b>\$1,753,291</b>
<b>Non-Operations Revenue</b>			
Bulk Water Sales	\$4,286	\$9,433	\$5,000
Well Sample Test	\$6,808	\$8,815	\$6,200
Turn On/Off Service Fee	\$9,706	\$9,208	\$8,300
Lien Letter Receipts	\$2,475	\$2,725	\$2,000
Collection Cost Recovery	\$41,620	\$42,218	\$34,100
Miscellaneous/Scrap	\$1,510	\$869	\$3,000
Theft of Service Recovered	\$0	\$0	\$100
Work for Others	\$11,855	\$7,156	\$3,000
Sewer Collection Fees	\$27,743	\$30,055	\$27,744
Interest Earnings	\$3,458	\$3,933	\$650
Written Off Account Recovery	\$2,505	\$759	\$240
Grant and Property Sale/Lease	\$0	\$11,370	\$0
USB Trust- Debt Interest	\$27	\$60	\$48
USB Trust - Debt Holdings Interest	\$18	\$16	\$18
USB Capital Interest	\$33	\$41	\$4
<b>Subtotal Non-Operations Revenue</b>	<b>\$112,044</b>	<b>\$126,659</b>	<b>\$90,404</b>
<b>TOTAL REVENUES</b>	<b>\$1,832,933</b>	<b>\$1,878,903</b>	<b>\$1,843,695</b>



<b>TABLE 1 (cont'd)</b>			
<b>REVENUES AND EXPENSES FOR 2015, 2016 AND 2016 BUDGET</b>			
<b>General &amp; Administrative</b>	<b>2015 Actual</b>	<b>2016 Year End (unaudited)</b>	<b>2016 Budget</b>
Authority Board	\$5,900	\$5,900	\$6,000
Office Salaries	\$107,892	\$109,968	\$110,515
Billing Supplies	\$49,739	\$44,179	\$59,425
Contracted Services	\$36,676	\$43,284	\$37,000
Utilities	\$11,720	\$11,144	\$18,612
Office Building Maintenance	\$89	\$381	\$1,300
Permits/ Right of Ways	\$9,809	\$6,050	\$11,000
General Adjusted Bank Fees	\$4,560	\$4,698	\$5,000
Uncollectable Consumer Write-offs	\$0	\$0	\$1,200
Engineering Retainer	\$5,417	\$4,583	\$5,000
Legal & Professional	\$9,463	\$11,157	\$12,500
Insurance Premiums	\$35,780	\$39,070	\$44,572
Social Security	\$33,836	\$34,883	\$35,200
Health Benefits	\$84,854	\$92,367	\$111,500
Mileage Reimbursements	\$244	\$823	\$515
Education/Safety/ Medical	\$3,352	\$3,535	\$2,500
Unemployment Compensation	\$2,909	\$2,821	\$3,400
Retirement	\$6,163	\$7,354	\$7,334
Court Fees	\$1,714	\$543	\$1,400
<b>Subtotal General Administrative Fees</b>	<b>\$410,117</b>	<b>\$422,741</b>	<b>\$473,973</b>
<b>PURIFICATION SYSTEM</b>			
Operations Labor	\$152,807	\$162,606	\$160,200
Overtime Labor	\$6,381	\$7,707	\$7,300
Operations Expense	\$18,560	\$14,864	\$22,024
Treating Chemicals	\$64,742	\$87,727	\$71,958
Contracted Services	\$38,480	\$32,098	\$35,000
Utilities	\$60,682	\$56,691	\$66,000
Lab Chemicals	\$13,875	\$20,485	\$12,408
WTP Evaluation	\$4,435	\$1,963	\$3,500
<b>Subtotal Purification</b>	<b>\$359,961</b>	<b>\$384,141</b>	<b>\$378,390</b>

**TABLE 1 (cont'd)**  
**REVENUES AND EXPENSES FOR 2015, 2016 AND 2016 BUDGET**

<b>HADLEY ROAD BOOSTER PUMP</b>	<b>2015 Actual</b>	<b>2016 Year End (unaudited)</b>	<b>2016 Budget</b>
Electric / Building	\$768	\$738	\$790
Electric / Pump	\$6,054	\$5,682	\$7,445
Heating	\$1,823	\$1,670	\$2,482
Pump Maintenance	\$0	\$2,831	\$1,800
Contracted Services	\$0	\$0	\$0
<b>Subtotal Pumping</b>	<b>\$8,645</b>	<b>\$10,920</b>	<b>\$12,517</b>
<b>DISTRIBUTION SYSTEM</b>			
Operations Labor	\$164,065	\$165,683	\$169,940
Labor Overtime	\$12,405	\$9,670	\$11,960
Services Materials	\$5,534	\$4,391	\$5,920
Mains Material	\$15,248	\$7,691	\$16,000
Meters Material	\$29,514	\$24,105	\$30,000
Operation Expense	\$15,776	\$23,456	\$16,650
Contracted Service	\$57,675	\$44,398	\$58,800
Vehicle Expense	\$1,894	\$4,729	\$2,400
Gasoline Expense	\$4,559	\$3,241	\$6,200
<b>Subtotal Distribution</b>	<b>\$306,670</b>	<b>\$287,363</b>	<b>\$317,870</b>
<b>TOTAL EXPENSES</b>	<b>\$1,085,393</b>	<b>\$1,105,166</b>	<b>\$1,182,750</b>

As shown in Table 1, for Fiscal Year 2016 the total unaudited operating revenues were less than budgeted operating revenues by \$1,048. However, overall revenues exceeded budget by \$35,208. Total expenses for 2016 were \$77,584 less than the budget and the net income available for depreciation, debt service and capital additions is \$773,737.

Table 2 has been prepared to show the actual (unaudited) revenues and expenses of the Authority compared to the 2017 budget of revenues and expenses adopted by the Authority.

<b>TABLE 2</b>		
<b>2017 OPERATING BUDGET</b>		
<b>Operating Revenue</b>	<b>2016 (unaudited)</b>	<b>2017 Budget</b>
Metered Residential	\$1,233,938	\$1,250,280
Metered Commercial	\$366,879	\$376,800
Metered Industrial	\$19,913	\$22,092
Metered Public	\$38,571	\$36,216
Private Fire Protection	\$37,547	\$37,548
Public Fire Protection	\$26,828	\$26,892
Tap in Fees	\$28,568	\$2,000
<b>Subtotal Operation Revenue</b>	<b>\$1,752,243</b>	<b>\$1,751,828</b>
<b>Non-Operations Revenue</b>		
Bulk Water Sales	\$9,433	\$9,000
Well Sample Test	\$8,815	\$6,900
Turn On/Off Service Fee	\$9,208	\$9,084
Lien Letter Receipts	\$2,725	\$2,500
Collection Cost Recovery	\$42,218	\$41,000
Miscellaneous/Scrap	\$869	\$1,500
Theft of Service Recovered	\$0	\$100
Work for Others	\$7,156	\$7,000
Sewer Collection Fees	\$30,055	\$27,744
Interest Earnings	\$3,933	\$1,800
Written Off Account Recovery	\$759	\$240
Grant and Property Sale/Lease	\$11,370	\$0
USB Trust- Debt Interest	\$60	\$48
USB Trust - Debt Holdings Interest	\$16	\$18
USB Capital Interest	\$41	\$4
<b>Subtotal Non-Operations Revenue</b>	<b>\$126,659</b>	<b>\$106,938</b>
<b>TOTAL REVENUES</b>	<b>\$1,878,903</b>	<b>\$1,858,766</b>

<b>TABLE 2 (Cont'd)</b>		
<b>2017 OPERATING BUDGET</b>		
<b>General &amp; Administrative</b>	<b>2016 (unaudited)</b>	<b>2017 Budget</b>
Authority Board	\$5,900	\$6,000
Office Salaries	\$109,968	\$114,204
Billing Supplies	\$44,179	\$50,200
Contracted Services	\$43,284	\$41,900
Utilities	\$11,144	\$12,400
Office Building Maintenance	\$381	\$1,000
Permits/ Right of Ways	\$6,050	\$10,500
General Adjusted Bank Fees	\$4,698	\$5,000
Uncollectable Consumer Write-offs	\$0	\$600
Engineering Retainer	\$4,583	\$5,170
Legal & Professional	\$11,157	\$12,925
Insurance Premiums	\$39,070	\$43,600
Social Security	\$34,883	\$36,397
Health Benefits	\$92,367	\$128,000
Mileage Reimbursements	\$823	\$530
Education/Safety/ Medical	\$3,535	\$3,000
Unemployment Compensation	\$2,821	\$3,800
Retirement	\$7,354	\$7,400
Court Fees	\$543	\$1,400
<b>Subtotal General Administrative Fees</b>	<b>\$422,741</b>	<b>\$484,026</b>
<b>PURIFICATION SYSTEM</b>		
Operations Labor	\$162,606	\$166,824
Overtime Labor	\$7,707	\$8,508
Operations Expense	\$14,864	\$19,500
Treating Chemicals	\$87,727	\$82,404
Contracted Services	\$32,098	\$35,600
Utilities	\$56,691	\$62,000
Lab Chemicals	\$20,485	\$18,108
WTP Evaluation	\$1,963	\$1,000
<b>Subtotal Purification</b>	<b>\$384,141</b>	<b>\$393,944</b>

<b>TABLE 2 (Cont'd)</b>		
<b>2017 OPERATING BUDGET</b>		
<b>HADLEY ROAD BOOSTER PUMP</b>	<b>2016 (unaudited)</b>	<b>2017 Budget</b>
Electric / Building	\$738	\$814
Electric / Pump	\$5,682	\$6,108
Heating	\$1,670	\$2,400
Pump Maintenance	\$2,831	\$3,000
Contracted Services	\$0	\$0
<b>Subtotal Pumping</b>	<b>\$10,920</b>	<b>\$12,322</b>
<b>DISTRIBUTION SYSTEM</b>		
Operations Labor	\$165,683	\$148,584
Labor Overtime	\$9,670	\$14,856
Services Materials	\$4,590	\$5,500
Mains Material	\$8,659	\$15,600
Meters Material	\$25,503	\$29,496
Operation Expense	\$23,456	\$22,860
Contracted Service	\$44,398	\$57,600
Vehicle Expense	\$4,729	\$2,004
Gasoline Expense	\$3,241	\$4,920
<b>Subtotal Distribution</b>	<b>\$289,928</b>	<b>\$301,420</b>
<b>TOTAL EXPENSES</b>	<b>\$1,105,166</b>	<b>\$1,191,712</b>

The Operating Budgeted Expenses for 2017, included herein, total \$1,191,712. This represents an increase of approximately 8 percent over the unaudited operating expenses in 2016. Expenses are based on present and anticipated 2017 costs of chemicals, power, contract dewatering of treatment plant sludge, and other operating requirements.

The anticipated revenues from metered sales, fire protection, and tap-in fees revenue are estimated to provide approximately \$1,751,828 in 2017. Non-operating revenues are estimated to amount to \$106,938, which includes the fee charged to the Borough of Greenville and Hempfield Township for billing and collecting sewer charges, and interest income from investments. On the above basis, total revenues for 2017 have been anticipated to amount to \$1,858,766.

### 3.2. Comparative Statement of Revenues, Expenses, and Debt Service

A comparative statement of operating revenues, expenses, and debt service for Fiscal Years 2016 and 2017 is shown in Table. The Budget FY2017 figures reflect the Fourth Issue Water Revenue Bonds, Series of 2011 dated December 29, 2011 values.

<b>TABLE 3</b>		
<b><u>COMPARATIVE STATEMENT OF REVENUE AND DEBT SERVICE</u></b>		
	<b>Unaudited FY 2016</b>	<b>Budget FY 2017</b>
<b><u>Net Revenue</u></b>		
Total Revenue	\$1,878,903	\$1,858,766
Total Expenses	\$1,105,166	\$1,191,712
Total Revenue Available for Debt Service	\$773,737	\$667,054
<b><u>Debt Service</u></b>		
2011 Bond Issue	\$283,588	\$284,988
Pennvest Waterline	\$246,997	\$248,400
Hospital princ/int NEW PENVEST	\$0	\$25,000
Total Debt Service	\$530,585	\$558,388
<b><u>Capital Additions</u></b>		
Revenue Available for Debt Service	\$773,737	\$667,054
Total Debt Service	(530,585)	(558,388)
Available for Capital Additions	\$243,152	\$108,666
<b>Coverage Provided</b>	<b>1.46</b>	<b>1.19</b>

The above summary indicates that revenues produced by the rate schedule effective January 1, 2017 together with other non-operating revenue will provide revenues for the year 2017 that will be sufficient to cover the requirements for operating expenses and for debt service as required by the Trust Indenture.

#### 4. CAPITAL IMPROVEMENTS AND REDEMPTION FUND

##### 4.1. Capital Improvements 2016

Cost of capital additions to plant and equipment of the Waterworks System in 2016 totaled \$537,157. These improvements were sufficient for proper operation of the Authority's system.

A tabulation of budgeted and actual expenses is shown in Table 4.

<b>TABLE 4</b>		
<b>Capital Improvements Program 2016</b>		
<b>ITEM</b>	<b>Budget 2016</b>	<b>Actual 2016</b>
Lab/Plant Equipment	\$28,300	\$19,538
Raw Pumps/Finish Pumps	\$15,000	\$0
Sludge/ Press Improvements	\$3,000	\$3,403
Building & Parking Lot Repairs	\$60,000	\$83,459
Hydrant/Valve Program	\$4,800	\$5,625
Tools & Equipment	\$3,600	\$0
Main Line Improvements	\$14,000	\$0
Hadley Road Cobblestone Hotel*	\$0	-\$4,589
Thiel Waterline Reimbursement	\$209,000	\$188,320
River Crossing (Partial)	\$125,000	\$227,858
West Tank Improvements	\$140,000	\$15,543
<b>TOTAL</b>	<b>\$602,700</b>	<b>\$539,157</b>

*\*Note that the Cobblestone Hotel line item reflects activity related to a Developers' agreement escrow account.*

#### 4.2. Capital Improvements Program 2017-2019

Proposed capital improvements for the years 2017, 2018 and 2019 are shown in Table 5. These improvements will be prioritized by the Authority and implemented based on need and available funds.

<b>TABLE 5</b>			
<b>Capital Improvements Program 2017-2019</b>			
<b>ITEM</b>	<b>Budget 2017</b>	<b>Budget 2018</b>	<b>Budget 2019</b>
Lab/Plant Equipment	\$22,000	\$10,000	\$40,000
Raw Pumps/Finish Pumps	\$15,000	\$3,000	\$0
Sludge/ Press Improvements	\$3,000	\$13,000	\$1,500
Building & Parking Lot Repairs	\$0	\$0	\$30,000
New Vehicles Replacement	\$42,000	\$45,000	\$0
Hydrant/Valve Program	\$4,800	\$0	\$4,800
Tools & Equipment	\$3,000	\$0	\$0
Office Equipment	\$15,200	\$1,500	\$0
West Tank Improvements	\$200,000	\$30,000	\$0
Matching Funds for CFA Grant	\$58,170	\$0	\$0
Booster	\$0	\$40,000	\$230,000
<b>TOTAL</b>	<b>\$363,170</b>	<b>\$142,500</b>	<b>\$306,300</b>



## 5. RATES, RENTS AND CHARGES FOR WATER

### 5.1. Rate Schedule

The Authority's current rate schedule, which became effective January 1, 2017, is summarized as follows:

Monthly Minimum charge for which 500 gallons of water is allowed

<u>Size of meter</u>	<u>Rate</u>
5/8"	\$18.15
3/4"	\$26.86
1"	\$39.93
1 1/4"	\$47.85
1 1/1"	\$54.26
2"	\$82.63
3"	\$166.50
4"	\$272.80
6"	\$516.75

Monthly consumption charges, per thousand gallons for water used by one customer

for the next	3,500 gallons	\$7.93
for the next	29,500 gallons	\$8.20
for the next	66,500 gallons	\$7.92
for the next	233,500 gallons	\$5.88
over	333,500 gallons	\$4.16

Stand and by Service for Private Fire Protection  
(Annual Cost – Billed Monthly)

2" Hydrant	\$103.12
4" Hydrant	\$435.53
6" Hydrant	\$573.01
<u>Sprinkler Systems</u>	
2" Connection - Each	\$103.12
4" Connection - Each	\$435.53
6" Connection - Each	\$573.01
8" Connection - Each	\$985.74

Public Fire Protection includes main line (4" size or larger) and Fire Hydrants include supply line from the treatment plant (unchanged).

Borough of Greenville \$18,256.92 per year

Hempfield Township \$8,571.24 per year

## 5.2. Bulk Water Rates

The bulk water sale rate is \$7.93 per thousand gallons (billed monthly).

Metered bulk water use throughout the system is billed with a \$25.00 minimum.

Bulk water obtained at the water treatment plant has a \$5.00 service fee applied per load.

## 6. INSURANCE

Insurance in force as of December 31, 2016, is tabulated on the following page and includes General Liability, Property Coverage, Employees, Vehicles, Public Officials Liability, Employee Workers Compensation, and Employee Dishonesty as noted. The insurance coverage is based on an appraisal by an independent professional appraiser. The appraisal is updated annually. It is recommended that this practice be continued and that the Authority's appraisal be updated annually.

**SCHEDULE OF INSURANCE**

**AS OF DECEMBER 31, 2016**

<u>Policy No.</u>	<u>Property Covered</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Great American Insurance Co.	General Liability	Liability	\$1,000,000	5/1/2017
				5/1/2017
	Property Coverage	Building Coverage	\$8,038,598	5/1/2017
		Hydrants	\$25,000	5/1/2017
		Mobile Equipment	\$38,000	5/1/2017
		Flood & Earthquake		5/1/2017
	Umbrella Coverage		\$1,000,000	5/1/2017
	Public Officials & Employment Practices Liability		\$3,000,000	5/1/2017
	Commercial Crime		\$100,000	5/1/2017
	Computer Fraud		\$500,000	5/1/2017
Arch Insurance Co.	4 Vehicles, 2 Trailers	Property Damage	\$1,000,000	5/1/2017
		Comprehensive	\$1,000,000	5/1/2017
		Collision	\$1,000,000	5/1/2017
		Phsyical Damage	\$1,000,000	5/1/2017
		Uninsureds Motorists	\$1,000,000	5/1/2017
Erie Insurance Co. of New York	Employee Workers Compensation		PA Standard	2/28/2017

## 7. CONCLUSIONS & RECOMMENDATIONS

In accordance with the covenants of the Trust Indenture dated December 29, 2011, as set forth in Section 6.07, the following conclusions and recommendations are submitted:

Total Expenses in the amount of \$1,191,712 as outlined in the Budget, represent the estimate of the amount required for operational and administrative costs and maintenance of the water system for the 2017 fiscal year.

The operating budget, as provided herein, has been approved and adopted. In our opinion, it represents the required expenditures necessary to maintain the properties of the Authority in good repair and sound operating condition.

The insurance schedule, as set forth herein, is based on an independent professional appraisal. It is recommended that this appraisal be updated annually and insurance coverage be revisited as necessary for the coming fiscal year.

The capital improvements budget has been developed to provide a listing of desirable improvements over the next three (3) years. These improvements will be completed based upon the Authority's prioritization and available funding.

In its seventy-third year of existence, the Authority has continued to provide good, sound, direction to the operation of the utility in accordance with recognized water works practices, regulatory requirements, and industry standards.

Entech is registered to provide engineering services as Entech Engineering, Inc. In the performance of its services on behalf of the Greenville Water Authority (a municipal entity), Entech is not recommending any financing action, is not acting as a municipal advisor to the Client and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to the Authority in respect to the information and material contained in this Report. The Authority should discuss any information and material contained in this Report with any and all internal and/or external financial advisors and experts deemed appropriate before acting on the information contained herein.

## 8. ACKNOWLEDGMENT

Entech Engineering, Inc. would like to take this opportunity to express sincere gratitude to the Authority Board for the opportunity to serve as the Greenville Water Authority consulting engineer; and to recognize the valuable contributions of Ms. Carol Paul and the Greenville Water Authority staff to the preparation of this report

Respectfully Submitted,



ENTECH ENGINEERING, INC.

Robert Horvat, PE  
Regional Director

